

BUDGET, FINANCE & INVESTMENT COMMITTEE

June 16, 2015

7:00 P.M.

Courthouse

PUBLIC HEARING MINUTES:

Members Present:

Comm. Rhonda Allen
Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Robert Peay, Jr.
Comm. Doug Shafer
Comm. Will Jordan, Chr.

Others Present:

Ernest Burgess
Comm. Jeff Phillips
Comm. Chantho Sourinho
Comm. Paul Johnson
Comm. Mike Kusch
Lisa Nolen

Don Odom
Aaron Holladay
Comm. Pettus Read
Comm. Brad Turner
Comm. Phil Dodd
Comm. David Nipper

Jeff Jordan
Mark Tucker
Wayne Blair
Jeff Sandvig
Richard Zago

The Budget, Finance & Investment Committee conducted a public hearing on the proposed 2015-16 budget. Chairman Jordan presided and began the public hearing at 7:00 P. M., with Comm. Shawn Kaplan absent.

Chairman Jordan welcomed the public to the meeting and thanked them for showing interest in the process. He introduced County Mayor Ernest Burgess, Finance Director Lisa Nolen, and Deputy Finance Director Mark Tucker, and members of the Budget, Finance & Investment Committee.

Chairman Jordan advised that Mayor Burgess made a recommendation on a little more than 21% of the budget, which included the General Fund, Solid Waste/Sanitation Fund, Ambulance Service Fund, Special Purpose Fund, Drug Control Fund, and the Industrial/Economic Development Fund. The County Mayor does not make a recommendation on the Debt Service Fund. The Budget, Finance & Investment Committee makes the recommendation on the Debt Service Fund. The County Mayor does not make a recommendation on the Highway Fund. The recommendation for the Highway Fund is forwarded to the Budget Committee from the Road Board, which is an elected board. The County Mayor does not make recommendations on the General Purpose School Fund, Cafeteria Fund, or the Education Capital Projects Fund. Recommendations on these funds are forwarded from the School Board, which is also an elected board.

The Budget and Finance Committee has spent weeks, along with input from the department heads, reviewing the proposed budget. All meetings have been televised on Channel 19. The budget proposal has been published in the newspaper. The details of all proposed budgets can be viewed on the internet.

FINANCE DIRECTOR PRESENTATION:

Finance Director Lisa Nolen began the presentation by explaining the sources of the revenue. The largest revenue source being State of Tennessee at 40% of the total estimated revenue of \$482,458,957. She stated that property tax, which is 32% of the total estimated revenue, is the best tool for the County to increase revenue. She also noted that sales tax is assessed at the maximum rate possible.

The 2014 tax rate is \$2.4867. The Budget, Finance and Investment Committee has recommended moving \$0.01 from the General Fund to the Ambulance Service Fund and increasing the General Purpose School Fund by \$0.2068 and increasing the Education Capital Projects Fund by \$0.0163 for a total proposed 2015 tax rate of \$2.7098. Tax generated by this tax rate in the proposed budget is \$169 million with \$13 million of this revenue being sent to the City of Murfreesboro for their education program.

Appropriations amount to \$507,254,215, with 75.55% of that being allocated to schools. About 10.48% of the appropriations are allocated to debt service.

Total fund balance at July 1, 2015 is estimated to be \$97,666,503. Estimated revenues are less than recommended appropriations by \$24,795,258. This will leave an ending fund balance of \$72,871,245 at June 30, 2016. Several funds have polices that dictate the percentage of fund balance to be maintained. The General Fund must have a 15% balance, General Debt Service

Fund, which is a calculated amount, is kept between 65% and 75%, General Purpose School should maintain 3% and Centralized Cafeteria cannot have more than 25%. The proposed budget meets all of the policies.

The Finance Director next explained details of the major funds. The General Funds largest component, as to appropriations, is Public Safety at 56%. Public Safety is made up of the Sheriff's department, the Jail, the Correctional Work Center, Juvenile Detention, Building Codes, Emergency Management and Fire and Rescue. The General Fund budget is increased by 3.1% over the 2014-15 budget. Significant items in the General Fund budget are the addition of 11 full-time and 13 part-time positions, implement a modified version of the 2014 salary survey and the reliance on \$6.35 million of unassigned fund balance, which is equivalent to 10.18 cents on the property tax rate.

The General Fund Balance policy of 15% equals \$13.5 million or 7.8 weeks of appropriations. These reserved funds can be used for cash flow, contingencies or disasters.

The Rutherford County Schools have three funds; General Purpose, Central Cafeteria and Capital Projects. The proposed budget is a 5.6% increase over the 2014-2015 amended budget. It adds 73.7 positions and 3.1% increase to the base pay table. There is also technology improvements for testing of \$1.9 million. Funding for the Schools budget includes a \$3.2 million increase in education sales tax revenue, \$4.6 million increase in State BEP and the reliance on \$11.9 million of unassigned fund balance, which is equivalent to 22.5 cents on the property tax rate.

In the Schools Capital Projects Fund, there are property taxes set aside to provide funding for projects when needed. Projects included in the budget this year include mechanical systems, re-roofing, wastewater improvements, paving and gymnasium seating.

The Debt Service Fund has recommended appropriations of \$43.2 million. The outstanding debt at June 30, 2015 will be \$359.77 million. Principal reduction in the proposed budget is \$28.9 million resulting in outstanding debt at June 30, 2016 of \$331.34 million.

The Road & Bridge Fund proposed budget is \$8.78 million, down over \$1 million from prior year primarily due to a reduction in capital outlay. Sixty positions are in the proposed budget.

The Finance Director reviewed the web page where the budget can be found on the Finance Department site.

Chairman Jordan opened up the public hearing for public comments.

Donald Todd, 633 Buck Ln., Murfreesboro

Mr. Todd expressed concern about the County investing funds in CD's in the bank, and once in the bank it will never be seen or heard from by the taxpayers again. He also expressed concern about the County following State law concerning investment of surplus revenue and that law being in violation of other State and Federal laws.

Don Odom, 6946 Old Hwy 96, Lascassas

Mr. Odom is the Director of Schools for Rutherford County and presented information to the Commissioners. He stated that property tax does not pay the entire cost for students. The average home pays \$1,200-\$1,500 in property taxes and the school system spends about \$3,200 on each student. He noted that the local funds make up about 38% of the budget. Rutherford County is the 5th largest school system in the state. He stated that the system is very efficient in spending per student and spends less per student than the largest systems in the state and the neighboring counties.

Chris Jensen, 1829 Warmingfield Dr., Murfreesboro

Mr. Jensen is the Vice-President of the Rutherford County Homebuilders Association. He is concerned about the age of the fire equipment, the demand on the personnel and the funding for the fire departments. With the growth of the county, he is in agreement with implementing a fire tax to provide coverage in other areas of the county, replace aging equipment and pay firefighters for their service.

Emily Mitchell, 2626 Big Eagle Tr., Murfreesboro

Ms. Mitchell is the President of the Rutherford Education Association. She is supporting the property tax increase from two perspectives. First, as a homeowner, schools need to stay strong because that is a component of property values. Second, turnover of employees is detrimental and the cost of training is expensive.

Dorsey Meeks, 13702 Versailles Rd., Rockvale

Mr. Meeks stated that he has been a resident of Rutherford County since 1969. He is for the teachers raises, but has a concern for the construction of the schools and the expense of the materials used. He also noted that the Ethics committee is worthless and has no power to act and should be abolished and replaced by a citizens committee to oversee all funding of the County. He stated that taxes are being raised every year. He stated that the County paid Mr. Trammell \$200,000 for the Sheriff firing him and wanted to know why the taxpayers had to pay that. He also had a concern about volunteer firefighters driving tanker trucks on the narrow roads of the County.

Jim Gifford, 2145 Camille Dr., Cane Ridge, TN

Mr. Gifford is the incoming President of the Rutherford Education Association and has been a teacher in Rutherford County for 14 years. He states that Rutherford County is a growing and vibrant community that is not a suburb of Nashville. He noted that the demographics are tough for a growing community. He stated that neighboring counties are envious of us when it comes to education but that is changing. The teachers have not had raises in 2 years and there is more pressure on the teachers to do better.

Jim Thompson, 13672 Hwy 99, Eagleville

Mr. Thompson thanked the commissioners for what they are doing. He understood that the budget process is never easy. He acknowledged how the school board and the commission have worked together. He noted that the system is keeping pace academically, in technology and with facilities. He also noted that we spend less per student than other surrounding counties. He stated that he is in favor of the tax increase for his four grandkids.

Dow Smith, 115 Woodland Dr., Smyrna

Mr. Smith stated that he was a parent of two kids in the education system and is a business owner in the County. He stated that he supports what the commission is recommending.

Jeff Rainwater, 1030 Brinxton Run, Murfreesboro

Mr. Rainwater stated that he wanted to compare our county to Williamson and Wilson County. He compared what a middle class family with a \$250,000 home, \$25,000 per year in taxable expenditures and registering 2 cars. He stated that Rutherford County has the highest tax rates; personal property tax, real estate tax, sales tax and wheel tax. He noted that this is not something that you want to sell to the business community. He stated that a 3% raise for employees is not something he is worried about, but the budget should be looked at to see where that can come from and not raise taxes.

Keith Edward Ray, 2102 Tabasco Way, Murfreesboro

Mr. Ray is a small business owner. He is concerned with his generation and the individuals that he manages asked him to come and let the Commission know that they did not like the tax increase. He stated that you need to ask the right questions. He read a quote from the book *The Death of Money*. He asked that the budget be sent back to the finance committee to ask the right questions.

Deborah Hunt, 9528 Mount Ayre Way, Murfreesboro

Ms. Hunt is a teacher at Rock Springs Middle School. She stated that she moved to the county 25 years ago and has seen the growth. She stated that additional funding is needed for education and thanked the Commission for the support that has been given in the past.

Kathy McMahan, 1401 East Northfield, Murfreesboro

Ms. McMahan is a retired school teacher and thanked the Commission for what they have done. She stated that her children, as well as, herself graduated from the county school system. She noted that great progress has been made over the years and that needs to continue. She stated that we need to continue to fund growth and be prepared for when the children come because they are the future.

Tom Davis, 502 Bluebell Ave, Murfreesboro

Mr. Davis stated that there is something wrong when we have the highest tax rates in the area. He also stated that he does not begrudge any teacher or public safety personnel a raise. But we are taxing ourselves out of potential businesses moving into the County. In the long run it will hurt our kids.

Dorsey Meeks, returned for additional comments

Mr. Meeks read a quote from Thomas Jefferson concerning debt. He stated that nothing about the County's debt was frugal. He feels bad for the new commissioners having to trust the Sheriff with a \$20 million budget and can't trust him with an e cigarette. He stated the Ethics Committee wasted money by hiring an attorney to tell them they couldn't do anything. He questioned what it was going to take to make citizens of Rutherford County stand up against problems in the County.

Sherry Scoville, 2818 Silver Springs Ct., Murfreesboro

Ms. Scoville stated that she was an employee of the school system. She said that this is the best school system she has worked in. They need the funding to get quality teachers, technology, books and administrators. She asked for her taxes to be raised if that gets what is needed.

Don Odom, returned for additional comments

Mr. Odom stated that he wants everyone to be proud of Rutherford County schools. He believes that it sells Rutherford County and drives the growth. He mentioned the great career technical program in the system. He stated that they have the first mechatronics program in the United States that was developed in conjunction with Nissan and Bridgestone. Several certifications are offered through the high schools that save students a tremendous amount of money by having these certification when they graduate. He thanked the commissioners for their support.

ADJOURNMENT:

Chairman Jordan announced that the next Budget Committee meeting will be Thursday, June 18 at 5:30 P.M. to review the budget and to consider the public comments. He also announced that there would be a Budget Committee meeting on Wednesday, June 24 at 5:30 P.M. to recommend the tax and appropriation resolutions.

The budget is scheduled to be adopted by the County Commission on Friday, June 26 at 9:00 A.M.

There being no other comments and no other business, Chairman Jordan declared the public hearing adjourned at 8:14 P.M.

Mark Tucker, Secretary